

## Message Text

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ORIGIN EA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

DODE-00 PA-01 USIA-06 PRS-01 L-02 H-02 /081 R

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R 171512Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY RANGOON

C O N F I D E N T I A L STATE 059027

E.O. 11652: GDS

TAGS: EAID, EFIN, IBRD, IMF, BM

SUBJECT: IFI INTEREST IN BURMA

REF: STATE 181158 8/18/74

1. IMF OFFICIALS IN WASHINGTON HAVE INFORMED THE DEPARTMENT AND AID THAT THE IMF AND THE IBRD ARE PLANNING TO DISCUSS WITH THE BURMESE THE POSSIBILITY OF FORMING AN INTERNATIONAL AID-COORDINATING CONSORTIUM FOR BURMA.

2. ACCORDING TO ALBERT A. MATTERA, SENIOR ADVISOR IN THE IMF'S ASIAN DEPARTMENT, AN IMF-IBRD TEAM WILL BE VISITING RANGOON IN APRIL TO DISCUSS THE CURRENT STANDBY ARRANGEMENT WHICH THE IMF HAS WITH BURMA. MATTERA, A U.S. CITIZEN, WILL HEAD THE TEAM, AND HE EXPECTS THAT DURING THE COURSE OF THE DISCUSSIONS THE QUESTION OF AN "EXTENDED FUND

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FACILITY" FOR BURMA WILL ARISE. MATTERA EXPLAINED THAT THIS

IS A NEW IMF PROGRAM WHICH WAS ANNOUNCED LAST SEPTEMBER BUT WHICH HAS YET TO BE PUT INTO EFFECT WITH ANY OF THE IMF'S MEMBER NATIONS. BURMA MIGHT BE THE FIRST.

3. UNDER THE EXTENDED FUND FACILITY, THE IMF WOULD GRANT BURMA MEDIUM-TERM (UP TO THREE YEARS) ASSISTANCE. IN RETURN FOR THIS AID, BURMA WOULD HAVE TO PRESENT A PROGRAM

SETTING FORTH THE POLICIES AND MEASURES WHICH THE GOVERNMENT WOULD UNDERTAKE IN ORDER TO CORRECT THE COUNTRY'S BASIC ECONOMIC IMBALANCES AND MALADJUSTMENTS. THE IMF CREDITS WOULD BE REPAYED AS SOON AS THE BALANCE OF PAYMENTS PROBLEMS HAD BEEN OVERCOME, BUT IN ANY EVENT WITHIN AN OUTSIDE RANGE OF FOUR TO EIGHT YEARS. INTEREST WOULD BE CHARGED STARTING AT FOUR PERCENT AND RISING TO NO MORE THAN SIX AND A HALF PERCENT.

4. MATTERA SAID THAT IN THE COURSE OF THE IMF'S DISCUSSIONS WITH THE BURMESE OVER THE CURRENT STANDBY ARRANGEMENT, THEY HAD MENTIONED THEIR INTEREST IN HAVING AN INTERNATIONAL AID COORDINATING CONSORTIUM ESTABLISHED FOR BURMA. HE EXPECTED THAT THE SUBJECT OF A CONSORTIUM WOULD ARISE DURING HIS VISIT TO RANGOON NEXT MONTH. SUCH A CONSORTIUM WOULD HELP IN FULFILLING THE REQUIREMENTS FOR AN EXTENDED FUND FACILITY. MATTERA WANTED TO KNOW IF THE U.S. WOULD BE INTERESTED IN PARTICIPATING.

5. MATTERA WAS TOLD THAT WE APPRECIATED BEING INFORMED AND MIGHT INDEED AS MAJOR CONTRIBUTORS TO THE IMF AND THE IBRD WANT TO BE A MEMBER OF THE CONSORTIUM. HOWEVER, IT WAS FURTHER POINTED OUT TO MATTERA THAT AID APPROPRIATIONS WERE SHRINKING AND THAT IT SEEMED DOUBTFUL WHETHER MUCH SUPPORT COULD BE FOUND IN WASHINGTON FOR TAKING ON A NEW AID RECIPIENT. MATTERA INDICATED HE UNDERSTOOD BUT SUGGESTED THAT THERE MIGHT BE COMMERCIAL ADVANTAGES IN PARTICIPATING IN THE CONSORTIUM AND THUS BECOMING PRIVY AT AN EARLY DATE TO BURMESE DEVELOPMENT PLANS AND POSSIBLE PROCUREMENT ACTIONS.

6. MATTERA WAS THANKED FOR TELLING US OF HIS PLANS. HE  
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WAS TOLD THAT WE WOULD INFORM APPROPRIATE OFFICIALS IN THE DEPARTMENT AND AID AS WELL AS EMBASSY RANGOON. WE WOULD APPRECIATE ANY BACKGROUND OR OTHER INFORMATION THE EMBASSY MIGHT HAVE ON BURMESE PLANS FOR THE FORTHCOMING IMF VISIT IN APRIL AND WHETHER THE GUB MIGHT IN FACT BE LOOKING WITH MORE FAVOR ON A CONSORTIUM. IT WAS OUR IMPRESSION LAST FALL THAT BURMA WAS NOT PARTICULARLY ENTHUSIASTIC, BUT PERHAPS THE PASSAGE OF TIME AND THE

INCREASING NUMBER OF PROBLEMS HAVE PRODUCED AN ALTERED  
ATTITUDE. ROBINSON

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